MANCHESTER STATISTICAL SOCIETY.

1890-91

Our Bank Note System and its Effect upon Commerce.

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Read December 10th, 1890.

We have no very precise information respecting Bank Notes, as we now understand them in England, prior to the founding of the Bank of England in 1694. The Act of Parliament incorporating the Bank authorised it to issue notes to the amount of its loan to the Government, then £1,200,000, declaring the proprietors to be liable in their private capacities for any issue in excess of the amount from time to time lent to the State. The smallest note issued was for £20.

At this time the silver coinage was much debased, and in December, 1695, a proclamation was issued, fixing an early day when the currency of the clipped coinage should cease. This threw the trade of the country into confusion, and as the Bank had received the debased money for its notes, and was bound to pay them in the new coinage, of which there was great scarcity, it was compelled to stop paying its notes in specie, and they rapidly fell to a discount not from an over issue of notes so much as from a scarcity of small change, £20 being certainly at that time far too

large a unit for ordinary business transactions. To remove this difficulty, the Chancellor of the Exchequer, in 1697, issued Exchequer Bills to the amount of £2,000,000, bearing interest, in sums of £5 and £10, which proved rapidly effective, and in a few months bank notes were again at par.

In 1759, notes of £15 and £10 were first issued, and in 1781 the London bankers, though not prohibited from issuing notes till 1844, ceased to issue them, and for the first time supplied their customers with cheque books.

In 1763 commenced a great industrial development which de manded a large increase in the currency, but as the Bank Charter prohibited the issue of notes by any firm of more than six partners, although the Bank had no branches in the provinces, no powerful banks could be created to supply the wants of the country. The demand for small change was supplied by irresponsible issuers, who gave notes for very small amounts, until in 1775 an Act prohibited the issue of notes under £1, and in 1777 the minimum was raised to £5, but again reduced in 1797 to £1.

In 1782, owing to an enormous and sudden increase in our foreign trade, the exchanges turned against England and necessitated the export of gold. The Bank promptly refused to make further advances to the Government, and shortly the exchanges turned in our favour and the Bank lent freely.

As we shall have occasion to refer to the "favourable" or "unfavourable" state of the money exchange with foreign countries, it may be observed that the terms "favourable" and "unfavourable" appear to be survivals of the "mercantile theory," which held that the advantage of foreign trade was to be measured by the amount of actual money it brought into the country. This theory is exploded, but in exchange operations the terms are still used, and with propriety, as a favourable exchange is one which secures to us a larger amount of foreign money for a sovereign than it intrinsically is worth, whilst an unfavourable one gives us less than its par value.

In 1793 £5 notes were first issued by the Bank of England.

In 1794 a great panic broke out, and out of 400 country banks 100 absolutely stopped payment, reducing the country circulation by one half. As the Bank of England did not issue £1 and £2 notes until 1797, there were no means of supplying the deficiency in the currency. The dread of being unable to obtain money intensified the panic, and the directors of the Bank, losing nerve, added to the terror by a severe curtailment of their discounts, although the foreign exchanges were in favour of England receiving gold from abroad. Universal failure seemed imminent. It was not a question of having property; the grave anxiety was whether the richest could obtain sufficient currency to pay their debts with. Luckily, Sir John Sinclair remembered the Exchequer Bills of 1697. An Act was passed authorising the issue of £5,000,000 Exchequer Bills in sums of £100, £50, and £20. They were promptly issued, and operated like magic in restoring confidence.

In 1795, owing to the War, bills drawn on the Treasury, and vast compulsory advances to the State, the exchanges became unfavourable; and in 1797 another panic broke out. The banks in Newcastle-upon-Tyne succumbed to a run on them, and stopped payment. The terror spread. The Bank protected itself by contracting its circulation, although again the exchanges were in favour of the importation of gold, and in the scramble for cash the Three per Cents fell to 51. Thereupon the Cabinet required the Bank to suspend cash payments, against its wish. It issued a notice of the suspension, adding that there could be no doubt as to the security of its notes, and forthwith increased its accommodation by £2,000,000. Instant relief was felt, and 4,000 merchants passed a resolution to support the credit of the notes.

An Act was also passed enabling the English banks to issue notes under £5, and Scotch banks to issue notes *under* £1. Cash payments were not completely resumed by the Bank until May, 1821, although it gave notice in 1817 that it was ready to resume them.

BANK RETURNS WHILE CASH PAYMENTS WERE SUSPENDED

31st August.	Circulation.	Depreciation of Bank Notes Per Cent.	Deposits.	Bullion.
1797	£11,114,000	—	£7,765,000	£4,089,000
1798	12,180,000	—	8,300,000	6,546,000
1799	13,389,000	—	7,642,000	7,700,000
1800	15,047,000	nil	8,335,000	5,150,000
1801	14,556,000	8	8,133,000	4,335,000
1802	17,097,000	7	9,739,000	3,891,000
1803	15,983,000	3	9,817,000	3,592,000
1804	17,154,000	3	9,715,000	5,879,000
1805	16,338,000	3	14,048,000	7,624,000
1806	21,027,000	3	9,636,000	6,215,000
1807	19,678,000	3	11,789,000	6,484,000
1808	17,111,000	3	15,012,000	6,015,000
1809	19,574,000	3	12,257,000	3,652,000
1810	24,794,000	13	13,617,000	3,191,000
1811	23,286,000	8	11,075,000	3,243,000
1812	23,026,000	21	11,848,000	3,099,000
1813	24,828,000	23	11,159,000	2,712,000
1814	28,368,000	25	14,849,000	2,097,000
1815	27,248,000	17	12,696,000	3,409,000
1816	26,758,000	17	11,856,000	7,562,000
1817	29,543,000	3	9,084,000	11,668,000
1818	26,202,000	3	7,927,000	6,363,000
1819	25,252,000	4	6,304,000	3,595,000
1820	24,299,000	3	4,420,000	8,211,000
1821	20,295,000	nil	5,818,000	11,233,000
1822	17,464,000	—	6,399,000	10,097,000

In 1824 the interest on a large portion of the National Debt was reduced. £150,000,000 was sunk in Mexico and South America; mining shares "boomed" so that a £10 share valued at £43 on 10th Dec., 1824, was at £150 on 11th January, 1825. Bullion was leaving the Bank, the exchanges were against us, and still the Bank increased its issues. Early in 1825 the Bank began to prepare for the storm, and contracted its issues. Other banks struggled to gather in their funds, and this pressure, aggravating the already overstrained and unsound position, culminated in a panic

which brought down nearly half the banks in the country, at any rate temporarily. By the 12th December, 1825, affairs were at such a pass that it was impossible to convert the best Government stocks into money, and the bullion in the Bank ran down to £1,027,000. Government declined to intervene to save the Bank and the country, and the distress was frightful. Fortunately, the exchanges turned in favour of the country. The Bank reversed its policy and lent profusely, issuing upwards of £5,000,000 in three days, and the panic was stayed almost immediately.

This relief extended, however, only to London and to the larger houses; the failure of the local banks left the country without small change. The small notes of the Bank of England had previously been withdrawn, but, fortunately, a chest of £1 notes was discovered in the Bank, and with the permission of the Government they were sent into the country. £500,000 in £1 notes of the Bank were sent down, and there, too, the panic subsided.

When Parliament met in 1826, and the circumstances of the commercial distress came to be inquired into, a strong opinion was expressed by Lord Liverpool, the Premier, that the excessive issue of small notes was the cause of much of the excessive speculation, and it was resolved that no further small notes should be sanctioned, and that all notes under £5 should be withdrawn by the 5th April, 1829. Since that time no small notes have been issued in England. It was intended to have extended the measure to Scotland and Ireland, but so strong was the opposition, led in Scotland by Sir Walter Scott, who wrote under name of Malachi Malagrowther, that the proposal was withdrawn.

In 1826 an Act was passed which made it lawful for any number of persons to carry on the business of bankers in England, and to issue notes at any place or places exceeding 65 miles from London.

In 1832 Mr. Horsley Palmer, the governor of the Bank, stated that under ordinary circumstances the Bank considered it desirable

to invest two-thirds of its liabilities in interest-bearing securities and one-third in bullion. At this time its return (May 1st, 1832) read: Liabilities, circulation, £19,036,000; deposits, public, £3,391,000; private, £6,256,000; Assets, public securities, £20,541,000; private bonds, &c., £2,200,000; bills, £2,396,000; bullion, £5,899,000.

In 1833 Bank of England notes were declared to be legal tender in England, so long as it paid its notes on demand in legal coin.

In 1836 an extraordinary development of home enterprises took place, the nominal capital of the new projects amounting to nearly £200,000,000. The new banks, as well as the Bank of England, encouraged the speculation; difficulties among the Irish banks drew bullion from England; the Northern and Central Bank in Manchester suspended; other houses appealed to the Bank for assistance, and to tide over the difficulties the Bank increased its discounts from £3,500,000 in July, 1836, to £11,400,000 in January, 1837. Bullion slowly came forward and rose from £3,831,000 in February, 1837, to £10,520,000 in March, 1838.

Later, in 1838, a financial crisis on the Continent drew gold from the Bank, and the directors, failing to raise their rate of discount to counteract the drain, found themselves getting into difficulties so that in May, 1839, they not only raised the rate of discount to 6 per cent, but in July, through the intervention of Messrs. Baring, borrowed £2,000,000 in gold from the Bank of France, which was not all repaid until April, 1840.

On September 3rd, 1839, the Bank's circulation was £17,896,000. Deposits, public, £2,069,000; private £4,056,000; total liabilities, £24,021,000; its assets were: public debt, £12,518,000; bonds, £4,215,000; bills, £7,938,000; bullion, £2,406,000.

In 1840 a committee for inquiry into the system of note issues was appointed, and in 1844 Sir Robert Peel introduced the celebrated Bank Acts of 1844-5, which have since been the basis of our note circulation. The leading idea of this measure was to suppress the unlimited issue of notes, and ultimately to merge all

issues in that of the Bank of England, which itself was subjected to a like limitation of issue. The Bank of England was permitted to issue £14,000,000 of notes against securities; all notes in excess of that amount were to be covered by bullion, of which one-fifth might be silver. All existing country banks of issue in England might issue notes to the amount they respectively had in average circulation during the twelve weeks preceding the 27th April, 1844, but if any exceeded this amount they were to forfeit the amount of the excess issue, no additional issue being permitted, even if covered by bullion. If any issues lapsed, the Bank of England might be allowed to increase its issue by two-thirds of the amount so extinguished. The English and Welsh country circulation was fixed at £8,631,647, and no new banks of issue were allowed to be established. The Scotch and Irish banks issues were fixed at £9,441,703, but they were allowed to exceed their limits if they held gold to cover any excess on the average of four weeks' issue, and in those countries, too, no new issues were to be allowed.

The new system was soon put to the test. A drain of bullion commenced in September, 1846. By April, 1847, the Bank's banking reserve fell to £2,558,000; the usual panic set in, and discount rates rose to 12 per cent. The Government were urged to suspend the Bank Act, but declined. Fortunately the foreign exchanges turned in favour of this country, and in about three weeks the tension relaxed. Speculation again became rampant. In August failures occurred with frightful rapidity, Consols which were above par in 1844, and at 94½ in 1845, fell to 80. The exchanges were in our favour, but internal troubles grew worse and worse, terror took hold of the commercial world, money could not be obtained on any terms, and general ruin seemed imminent. On 23rd of October, the Government authorised the Bank to issue notes in excess of the limits fixed by the Act of 1844. The Bank Act was "suspended," the panic vanished, as Mr. Macleod says, "like a dream." No sooner was it known that notes *might* be had than the want of them ceased, and the Bank did not issue one note

beyond those authorised by the panic-creating law. The Government placed no limit on the amount of uncovered notes to be issued, but fixed the rate of interest to be charged at 8 per cent.

1847.	Notes in Actual Circulation. £	Bullion in Issue Dept. £	Banking Reserve. £	Minimum Rate of Discount.
Oct. 16 ...	19,360,000 ...	7,990,000 ...	3,071,000 ...	Aug. 5, $5\frac{1}{2}$
„ 23 ...	20,714,000 ...	7,865,000 ...	1,994,000 ...	Sept. 30, 6
„ 30 ...	20,832,000 ...	8,009,000 ...	1,606,000 ...	Oct. 25, 8
Nov. 6 ...	20,397,000 ...	8,437,000 ...	2,333,000 ...	Nov. 22, 7
—	—	—	—	Dec. 2, 6

In 1857 came another panic. By 11th September the reserve fell to £1,462,000, and again, "when universal ruin was impending," on 12th November, the Government again authorised the Bank to issue notes in excess of its limit, at a charge of not less than 10 per cent; and again public excitement was calmed, although the highest excess issue was only £928,000 on 20th November, and 30th November it was reduced to £15,000.

1857.	Notes in Actual Circulation. £	Bullion in Issue Dept. £	Banking Reserve. £	Minimum Rate of Discount.
Nov. 4 ...	20,267,000 ...	7,947,000 ...	2,706,000 ...	July 16, $5\frac{1}{2}$
„ 11 ...	20,183,000 ...	6,666,000 ...	1,462,000 ...	Oct. 8, 6
„ 18 ...	21,307,000 ...	6,080,000 ...	1,552,000 ...	Oct. 15, 7
„ 25 ...	21,340,000 ...	6,784,000 ...	2,398,000 ...	Oct. 19, 8
Dec. 2 ...	21,103,000 ...	6,896,000 ...	2,729,000 ...	Nov. 5, 9
„ 9 ...	20,143,000 ...	7,568,000 ...	4,402,000 ...	Nov. 9, 10
—	—	—	—	Dec. 24, 8

In 1866 came "Overend's panic," on the 10th May—"Black Friday," probably well in the memory of all of us. The Chancellor, "*amidst the loudest cheering from all parts of the House*," announced that they had informed the Bank that if they thought proper to make advances beyond the limit, the Government would bring in a bill of indemnity; and everything calmed down, although no notes were issued in excess of the limit of the Act of 1844.

1866.		Notes in Actual Circulation. £	Bullion in Issue Dept. £	Banking Reserve. £	Minimum Rate of Discount.
May	9	22,345,000	12,295,000	5,811,000	15, Mar. 6
,,	16	26,121,000	11,852,000	1,203,000	3, May 7
,,	23	25,469,000	11,300,000	1,388,000	8, May 8
,,	30	26,019,000	11,434,000	860,000	11, May 9
June	6	25,453,000	12,620,000	2,826,000	12, May 10
—		—	—	—	16, Aug. 8

No change has been made since 1844 in the regulations for the issue of notes in the United Kingdom, though in 1873 the Chancellor of the Exchequer, Lord Sherbrooke (then Mr. Lowe), brought in a bill to enable the Bank to extend its issues when the exchanges were favourable to the country, on condition that the minimum rate of interest charged should be not less than 12 per cent! Needless to say, the conditions were regarded so onerous and impracticable that the proposal fell through.

STATEMENT OF THE NOTE ISSUE IN 1844 AND 1890.

	Authorised Issues.		Actual Circulation.		Actual Circulation per Head of Population.	
	1844. £	1890. £	1844. £	1890. £	1844. £	1890. £
Bank of England	14,000,000	16,450,000	20,176,000	25,315,000		
English Country Banks	8,631,647	4,832,407	8,631,000	2,235,000		
Total	£22,631,647	£21,282,407	£28,807,000	£27,550,000	£1 14 6	£0 19 8
Scotch Banks	3,087,209	2,676,350	3,087,000	6,432,000	1 2 6	1 12 0
Irish Banks	6,354,494	6,354,494	6,354,000	6,421,000	0 15 3	1 5 5

PERCENTAGE OF NOTES UNDER FIVE POUNDS TO TOTAL CIRCULATION.

	1846.	1890.
Scotland	69·7	71·6
Ireland	57·0	43·3

From this rapid survey of past crises, we find that they have generally originated in undue speculation, developing unsound business; failures have naturally followed, distrust has been aroused, and banks have been called upon to redeem thei note issues or

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repay their deposits. When gold has been taken it has not been for export but because of its intrinsic value, and, as we have seen, its place has been supplied satisfactorily to the public by the issue of exchequer bills or of bank notes, based upon unquestionable security. The public have only required decisive proof of the safety of their money to calm their anxiety. Merchants and bankers have only needed an assurance that on producing good security the means to fulfil their engagements should be forthcoming, and panic has ceased.

The discredit that fastened upon country bank notes was due to the want of confidence in their security; based solely upon credit, once that was shaken, the public would have none of them, though they were ready enough to accept the Bank of England notes, in which they had full confidence. The country issues did harm, because they were not secured. They produced exactly the same effect as may still be produced by a reckless granting of credit, only, as they were more distributed among the people when they were discredited, they produced more general alarm and distrust.

After the City of Glasgow Bank failed, in 1878, its note issue in the Isle of Man was sought for, instead of being at a discount, because by a law of the island it was fully secured upon real estate, and the notes, after its stoppage, carried interest at 4 per cent. The people did not want gold; they required security, and that they knew these notes possessed.

It will have been observed how almost every panic has been calmed by the Bank increasing its issue of notes, and a reference to foregoing tables will show that since the Act of 1844 at no time has there been any doubt as to the convertibility of the note. The stock of bullion has always been far in excess of any probable foreign drain, and yet we have been subjected to the strain of panic after panic to satisfy the requirements of a theory which wherever and whenever tried, breaks down.

Annexed is a table of the returns of the Banks of England, France, and Germany, made up on similar bases:—

LIABILITIES.

	Bank of England. October 22, 1890.	Bank of France. October 23, 1890.	Imperial Bank of Germany. October 23, 1890.
Capital	£14,553,000	£7,300,000	£6,000,000
Reserve	3,153,000	2,030,000	1,296,750
Public deposits	3,451,000	8,592,000	17,379,450
Other deposits	29,304,000	15,588,000	
Notes issued	24,532,000	122,150,000	50,797,100
Bank bills	211,000	1,932,000	—
	£75,204,000	£157,592,000	£75,473,300

ASSETS.

	Bank of England. October 22, 1890.	Bank of France. October 23, 1890.	Imperial Bank of Germany. October 23, 1890.
Government securities	£27,213,000	£14,108,000	Secys., £7,456,750
Other securities	28,390,000	45,400,000	Bills ...30,835,150
Coin, &c..............	19,601,000	gold 48,269,000	*Notes.. 1,342,350
		silver 49,815,000	†Gold...23,892,550
			†Silver 11,946,500
	£75,204,000	£157,592,000	£75,473,300

* Of other banks. † Estimated.

Separating the departments, as the Act of 1844 requires, the Bank of England made the following return of its Banking Department :—

LIABILITIES.

Capital and reserve	£17,706,000
Deposits and bank bills	32,966,000
	£50,672,000

ASSETS.

Government and other securities	£39,153,000
Notes and gold................................ ...	11,519,000
	£50,672,000

Thus concealing 42 per cent of the actual reserve of specie.

Whilst the Bank of France held 66 per cent of its liabilities in specie, the Bank of England only held 34 per cent. The Bank of England employed £18,400,000 more of its funds in earning dividends for its shareholders than it would have done had it kept the reserve maintained by the Bank of France.

Although we generally look upon the Bank of England as a public institution, still it is actually simply a joint-stock Bank, electing its own directors, and entirely free from State control, though, the State being its principal customer, any suggestions made by the Government receive full consideration.

The large amount of Government securities it holds, exceeding the amount of its note issue, and its immense capital, are assurances of the security of its note issue, but the comparatively small store of coin and bullion naturally cause anxiety in times of panic to a nation whose foreign trade is so large as ours.

Of course, it should be remembered that the Bank of England has had to work under the restriction of Peel's Act. Had it been free to issue notes as occasion required, it is quite possible that its note circulation might have increased materially, and its reserve approximated more closely to that held by the Bank of France.

On December 26th, 1839, the Bank of France had notes in circulation £8,164,000, and held coin £8,539,000; whilst now its circulation is £122,150,000, and its coin £98,084,000.

BANK OF ENGLAND.

Average amount of Notes in circulation during 1889.

£5	£11,278,000	46·25	per cent.
£10	4,036,000	16·55	"
£20/100	6,380,000	26·17	"
£200/500	1,471,000	6·03	"
£1,000	1,217,000	5·	"
	£24,382,000	100·	

ENGLISH COUNTRY ISSUES.

The issues are based solely on the credit of the issuers, who, if private banks, are not required to publish balance sheets, though one private bank, it may be noted, has taken the advanced step of publishing its accounts, duly audited.

The advantage of the privilege to the issuers cannot be doubted, as, in addition to the use of the money they obtain for the notes in circulation, they have the advantage of supplying their tills with unissued notes, to a certain extent, where a non-issuing bank would have to provide Bank of England notes, and lose the interest upon the money they represent.

The advantage to the public, so long as the notes are duly honoured on presentation, is not to be overlooked. Most of the issuing banks have in ordinary circulation a much less amount than their authorised issue, and when temporary local requirements call for an increase of currency they are enabled to supply it without in any degree affecting the central reserve of the Bank of England, whilst a non-issuing bank would have to bring down a supply of Bank of England notes. The public would further benefit by obtaining this accommodation at a less cost were the right of issue not a monopoly; but it is clear that, where one bank issuing its own notes has in competition with it only banks who purchase their notes from the Bank of England, the issuing bank has no inducement to give the public the advantage of the extra profit it can make; the usual effects of monopoly or protection naturally are produced, and the public suffer for the economic error.

Country bank notes are not a legal tender. In the Act of 1844 the English country banks of issue were, as compared with the Scotch and Irish banks, unjustly treated, as they were prohibited from exceeding their fixed limits, even although they held gold in the till against any excess issue.

SCOTCH BANKS OF ISSUE.

The Bank of Scotland, founded in 1695, at first received no deposits properly so called, but made advances by the issue of its own notes in sums of £5, £10, £20, and £50 until 1704, when it first issued £1 notes. Later, in 1729, the Royal Bank introduced the system of "cash credits." Competition grew fierce, notes were issued for 10s., 5s., and even, in Perthshire, for 1s., and actually for 1d. In 1830, the Bank of Scotland, to protect themselves from sudden runs, made their notes payable six months after demand, with legal interest added. Such uncontrolled issues soon brought the notes to a discount, but in 1765 the two leading banks made common cause and obtained an Act suppressing all notes under £1, and declaring that all notes should be payable to bearer on demand.

It will be seen from the table on page 37 that these banks, under the more favourable conditions granted to them by the Act of 1844, have in circulation an amount of notes far in excess of their fixed limits. The figures in the table do not fully represent the advantage they derive from their note issue. Competent authorities have estimated that, owing to the method of averaging their monthly circulation, they have in actual circulation £2,000,000 more than their returns show, and Mr. J. S. Fleming, of the Royal Bank of Scotland, estimates that, in addition, they use as till money nearly £10,000,000 more notes, so that the note system of Scotland economises no less than £18,000,000. This, of course, includes the advantage of the £1 note issue. The saving to the country will be readily seen.

It is often argued that so many economies of money have been introduced by means of cheques and the development of the clearing system that no larger issue of notes is required. It does not concern us here to advocate an enlargement of issue, but reference to the same table will show that in Scotland, where the banking offices are as numerous as blackberries, where a clearing system is

in full operation, and among a people who look keenly after their "siller," the circulation of notes per head is considerably more in 1890 than in 1844, and that this cannot be entirely accounted for by the increased circulation of small notes is evident from the subsidiary table, showing that practically they form no larger proportion of the total circulation now than in 1844.

The right of issue in Scotland also is a monopoly, and the notes have no special security, but rank with the ordinary liabilities of the banks.

By "Peel's Act," the Scotch banks were required to hold gold for all notes in circulation, estimated on the monthly average, above the limits fixed by the Act, and under this regulation they hold in their strong rooms between £3,000,000 and £4,000,000 in gold; and at the time of the "term" payments twice a year make a further demand upon the Bank of England for about £500,000 more.

All this gold is withdrawn from use. It is not required in Scotland, and is not available to meet foreign payments, which, if they had to be made by Scotland, would actually be made through London. It cannot be made available except by a reduction of the amount of notes in circulation, and yet it is not hypothecated to cover the notes issued.

This absolute waste of gold is due to the regulations of the Act of 1844.

All the issuing banks there hold Government securities equal to, or in excess of, their total circulation, as shown in the returns; and if a like amount of these were appropriated against the notes and the gold released, the banks would benefit by the interest they could obtain on funds now lying unproductive in specie, and the United Kingdom would benefit by the addition of so much gold to its ultimate reserve.

To provide against the demand arising during "runs," either Bank of England notes (with a £1 issue) might be declared a legal tender in Scotland, or exchequer bills for small amounts might be created.

IRISH BANKS OF ISSUE.

The Irish banks have identically the same rights of issue as the Scotch banks; but whilst the Scotch notes are convertible only at the head office of the issuing bank, the Irish notes are payable at the place of issue by law and wherever presented in practice. This compels the Irish banks to keep a larger amount of specie; and whilst the Scotch banks only hold about £500,000 in gold for their ordinary till money—excluding the provision for their excess note issue—the Irish banks hold about £2,750,000 gold for ordinary requirements.

A study of the history of banking in Ireland does not warrant one in thinking this coin reserve could safely be dispensed with, unless some means could be devised, agreeable to the national sentiment, for absolutely securing the issue. At the same time, it is much to be regretted that a country where capital is so valuable should lock up at least £2,000,000 of gold for no practical purpose.

UNITED STATES OF AMERICA.

The present note system of the United States dates from 1863. The scheme proposed by the Hon. S. P. Chase, in 1861, aimed at providing:—

(1) A circulation of notes bearing a common impression, and authenticated by a common authority.

(2) The redemption of these notes by the associations and institutions to which they may be delivered for issue.

(3) The security of that redemption by the pledge of United States stocks, and by an adequate provision of specie.

To provide this currency National Banks were authorised under the following conditions:—

The shareholders' liability is equal to the par value of their shares in addition to their shares. That is to say, all national banks, after their working capital is called up, are "limited" banks, 50 per cent of their subscribed capital being paid up.

The directors, of whom there must be five, are personally liable for all losses to shareholders or to the public through any violation of law occurring with their knowledge. The minimum capital is fixed at 50,000 dols. for places of a population of not over 6,000; 100,000 dols. for those with between 6,000 and 50,000 inhabitants; and 200,000 for larger cities. Half the capital must be paid in before business is commenced, and the other half within five months after. If any of the capital is lost a call must be made to make good the loss.

The banks may do a general banking business, and may be depositories of the public moneys, on condition of furnishing security to the Government.

From 30,000 dols. to 50,000 dols. of registered bonds of the United States must be purchased out of their capital funds, and these bonds must be deposited with the Treasurer of the United States. Against these bonds the banks may receive from the Comptroller of the Currency bank notes to the extent of 90 per cent of the par value of the bonds in the case of the smaller banks, and so on in inverse proportion to the capital of the banks, those with a capital of 3,000,000 dols. and upwards being only granted 60 per cent of their *capital* in notes, whatever amount of bonds they deposit.

These notes express on their face that they are secured by United States bonds, and if the bonds lodged against them are depreciated below the value of the notes, the Comptroller is required to collect the deficit from the respective banks. Payment of the notes is guaranteed by the United States, and practically, except for customs duties, they are legal tender.

If any bank fails to redeem its notes at par, in lawful money on demand, its bonds are forfeited, and the proceeds applied in payment of the notes.

Every issuing National Bank is required to keep up with the Treasurer of the United States a special fund, at all times equal to 5 per cent of its circulation, for the purpose of the current redemption of its notes.

So satisfactory has the system proved, that not a dollar has been lost by the public upon National Bank notes during the 27 years they have been in circulation.

One-tenth of the profits every half-year are required to be carried to a surplus fund until it equals 20 per cent of the capital, and all debts on which interest is overdue six months are to be considered bad in estimating the profits.

No one customer is to be trusted more than one-tenth part of the paid-up capital of the bank, except in ordinary discounts.

The country National Banks are required to keep 15 per cent of their deposits in cash, or at call with approved agents in the larger cities. The banks in larger cities are required to keep a cash reserve of 25 per cent of their deposits (the note redemption fund forms part of this reserve), but one half of their reserve may be at call at New York, Chicago, or St. Louis. The banks in these three cities are required to keep their full reserve of 25 per cent in lawful money of the United States.

When the reserves thus provided for fall below the fixed amount in the case of any bank, it shall not increase its liabilities by making any new loans or discounts until the required proportion has been restored, and the Comptroller *may* notify any such association to make good such reserve, and if it fail for thirty days thereafter, so as to make good its reserve, the Comptroller *may*, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of the association.

Here, again, by a new adaptation, we arrive at the panic line. Time after time the Treasurer of the United States has stepped in to alleviate the distress, but if he cannot give relief, no help remains, and often before, as we have seen lately also, the utter impossibility of obtaining currency has brought good houses down

It might have been supposed that the large issue of silver certificates would have added materially to the currency, but the high price the Treasurer has bid for United States bonds to reduce the surplus in his hands, the calling in of bonds, and the

heavy taxation of National Bank issues has had the effect of causing many banks to withdraw their circulation, so that the Silver certificates have added but little to the amount of notes in circulation.

AMOUNT OF NOTES OF VARIOUS DENOMINATIONS OUTSTANDING

(30th June, 1889, and 31st October, 1889).

Dollars	National Bank.	United States.	Gold Certificates.	Silver Certificates.	Total.	Per cent.
1	375,000	3,714,000	——	27,908,000	31,997,000	3·48
2	188,000	3,351,000	——	20,237,000	23,776,000	2·58
5	56,631,000	58,334,000	——	85,580,000	200,545,000	21·80
10	65,140,000	86,584,000	——	87,437,000	239,161,000	26·00
20	49,117,000	93,413,000	10,978,000	35,109,000	188,617,000	20·50
50	11,246,000	24,242,000	8,443,000	3,459,000	47,390,000	5·15
100	18,782,000	34,808,000	11,626,000	2,326,000	67,542,000	7·33
500	209,000	14,499,000	11,058,000	346,000	26,112,000	2·82
1,000	52,000	28,687,000	21,153,000	227,000	50,119,000	5·44
5,000	——	35,000	20,230,000	——	20,265,000	2·20
10,000	——	10,000	24,860,000	——	24,870,000	2·70
	$201,740,000	347,677,000	108,348,000	262,629,000	920,394,000	100·00

The National Banks now issue no notes for less than 5 dols. The 1 dol. and 2 dol. notes included in above table are survivals of withdrawn issues.

The United States notes, tabulated above, are notes issued by the Government to provide a circulating medium, and, as an issue, have no elasticity, being paid out by the Treasurer as often as they are received by him for taxes, &c. They are an absolute legal tender.

Although we have a general idea of the importance of the trade of New York, it is almost a surprise to find that the Clearing House returns of the two cities, New York and London, both expressed in pounds sterling, are—

	1889. Whole year.	1890. First eight months.
New York	£7,179,021,000	£7,791,224,000
London	£7,618,766,000	£5,266,063,000

Even if allowance were made for Stock Exchange items included in the Clearing Return, the New York totals would hold a very important place.

The following table shows the relative importance of the National Banks throughout the States as compared with the State Banks Loan and Trust Companies and private banks so far as the latter have responded to Comptroller's invitation to make returns.

30TH SEPTEMBER, 1890.—LIABILITIES.

	National Banks.	State Banks, Trust Companies, and Private Banks.
Capital	$612,600,000	$264,100,000
Reserve, & P. & L.	282,300,000	116,600,000
Notes in circulation	128,500,000	——
Deposits	1,522,000,000	909,600,000
Due to other banks	425,300,000	48,900,000
Other liabilities	27,600,000	40,600,000
	2,998,300,000	1,379,800,000
	say—£599,660,000	£275,960,000

The last supplement to the *Economist* (18 Oct., 1890) reports the total liabilities of the English, Scotch, and Irish Joint-stock Banks at

£692,954,000,

so that it will be seen that the National Bank system is no mere local development, but one of the most important financial systems in existence, embracing 4,148 banks.

In the whole 26 years it has been in operation only 130 of these Banks have failed, and of these 30 paid in full, with interest, 6 paid in full, with part interest, 13 paid principal in full, without interest, 45 paid a composition, and the accounts of 36 are not yet closed. The average loss has been only one shilling and one penny-

farthing per hundred pounds of the annual average amount on deposit.

The National Banks are required five times a year, at such times as the Comptroller shall appoint, to make statements of their position, and these statements are published in the districts where the Banks do business.

THE BANK OF FRANCE.

This Bank was founded in 1803, and is essentially a State Bank. Its governor is appointed by the Government for life, and is usually a man who has held high office in the State. The deputy-governor is also appointed by the Government. The General Council, consisting of 15 regents and three censors, are elected by the General Assembly, which is composed of the 200 largest shareholders in the Bank. Five of the regents must be manufacturers, traders, or merchants; three are elected from departmental Government Treasury agents.

The regents are elected for five years, the censors for three years. Both are eligible for re-election. The censors form a standing committee of audit, and appoint a discount committee of twelve shareholders, who must be in business in Paris.

The governor's duty is to watch that the Bank performs its duty to the State and towards the commerce and industry of the country.

The offices of the Bank are in all the important towns throughout the country.

No limit is placed upon its issue of notes under ordinary circumstances, but, when specie payments have been suspended, a limit has always been fixed. In 1870 this limit was £72,000,000; in 1872, £128,000,000. At the present time there is no restriction on its issue.

As will be seen from the comparative table (page 39), it holds an enormous reserve in bullion, gold and silver; and, as either coined gold or silver is still a legal tender in France to an unlimited

amount, the notes are readily convertible, but at present the Bank reserves to itself the right to pay in silver, and where large amounts are asked for in gold it charges a premium, so that practically in the international money market its notes are at a discount. To explain more fully, if I get a cheque for £5,000 on the Bank of England, I may be paid in notes, but for the notes I can immediately demand gold, and I shall get 5,000 sovereigns, the weight of gold in them being actually worth £5,000 wherever I may send them. If, on the other hand, I get a cheque for 125,000 francs on the Bank of France, and am paid in notes, which are a legal tender, I cannot compel the Bank of France to pay me in gold, but may be required to accept silver coin of the nominal value of 125,000 francs, but worth *as bullion* only about 93,750 francs. If it agrees to pay me in gold, it charges a premium of from $2\frac{1}{2}$ to 4 per thousand, so that I shall only receive in gold 124,500 francs for notes of the face value of 125,000 francs. For internal circulation, then, the notes of the Bank of France may circulate at par with the current coins, but for payment of foreign debts they are, as I said, practically at a discount.

If the Bank of France paid gold for its notes on demand, when the cheque rate of exchange stood at $25{\cdot}32\frac{1}{2}$, it would pay to remit gold to England in payment of debts due from France to England; but in consequence of the premium charged by the Bank of France, I believe during the panic, four weeks ago, it cost one French house between 25·38 and 25·40 to procure gold and place it in England, and all French houses, who at that time had to remit to England, would have to pay similar rates, solely because the Bank of France notes are not payable in gold. Although it may not be generally recognised that its notes are at a discount, the fact is there, and the French, in their dealings with foreign countries, have to pay more francs accordingly, the discount being concealed in the rate of exchange.

At 30th anuary 1890, the Bank of France notes outstanding were:

		£			£	Per cent of total issue.
5	notes of	200	...... value —		1,000	
1,292,800	„	40	......	„ ...	51,712,000	40·4
470,314	„	20	......	„ ...	9,406,280	7·3
2,485	„	8	......	„ ...	19,880	—
15,054,742	„	4	......	„ ...	60,218,968	47·0
3,227,661	„	2	......	„ ...	6,455,322	5·0
	Old issues outstanding		......		144,118	—
					£127,957,568	

IMPERIAL BANK OF GERMANY.

This is also a State Bank. It is governed by a council of administration, consisting of the Chancellor of the Empire, as president, and four paid colleagues, one appointed by the Emperor, the other three by the Federal Council, but the President is the controlling hand.

The business of the Bank is carried on by a board of directors, subject to the instructions of the Chancellor of the Empire. All the directors are appointed for life by the Emperor, according to the recommendation of the Federal Council.

The shareholders elect a central committee of 15 members, and as many substitutes; nine of the committee and nine of the substitutes being residents in Berlin. This committee receives the weekly reports of the Bank, and expresses its opinion upon the profit and loss account, after it has been made out by the directors and approved by the Chancellor, upon changes in salaries and pensions, upon the amount of the funds to be employed in loans, upon the rate of charges, and upon changes in the principles on on which the business of the Bank is to be conducted.

Branches of the Bank are established in all the important towns, and a local committee is appointed from the resident shareholders wherever possible.

The note issues in Germany are £6,000,000—"Reichskassenscheine," which are Government notes, in amounts of 50s., 20s., and 5s., and bank notes issued under the German Bank Act of 1875, which we will proceed to describe.

By this Act the State claims control of the issue of bank notes, and limits the present right to issue to certain specified banks. It prohibits the circulation of local issues out of the States for which they are sanctioned. It fixes the amounts of bank notes at £5, £10, £25, £50, and multiples of £50.

It requires all issuing banks to redeem their notes on demand at their full nominal value, and prohibits the calling in of the notes of any banks without authorisation of the Federal Council.

It prohibits all banks of issue from accepting bills, and requires them to publish a statement of their assets and liabilities four times a month, and an exact balance sheet and profit and loss account once a year, in a form prescribed by the Act.

It fixes a limit for each issuing bank of the amount of notes it may issue against securities, authorises it to further issue notes to the amount of cash in its till, and permits every authorised bank to issue additional notes, on payment of a fine of 5 per cent per annum on all notes in circulation exceeding the amount of its statutory limit and its cash on hand. No limit is placed upon this taxed issue.

It requires the Imperial Bank to hold cash to the amount of one-third of its notes in circulation, and bills of exchange of not over three months' currency for the balance. The "cash" is defined as coin, bullion, and legal tender notes of the empire.

The Imperial Bank has the same permission as the other issuing banks to exceed its statutory limit of note issue on payment of the same tax.

Originally the limit for the issue of notes against securities was fixed at M.250,000,000 for the Imperial Bank, and M.135,000,000 for the provincial banks, but the Act permitted the Imperial Bank to increase its limit to the full extent of any issues which lapsed, and accordingly its present issue is M.288,025,000.

In this permission for excess issue—granted, it will be noticed, to all issuing banks alike—is embodied the chief characteristic of the German Bank Act: a principle so simple, that one wonders why it

was not devised sooner; so enlightened, that one feels almost jealous that it should have first been adopted by our cousins instead of by ourselves.

When first the law was promulgated many critics distrusted it. The late Professor Jevons, however, recognised its ingenuity, and anticipated the favourable results which now, after an experience of 15 years, we see have arisen from it.

Through the courtesy of the directors of the Reichsbank, I am enabled to submit the following table, giving full particulars of the working of the Act in respect of the issue of notes under the taxed issue clause.

REICHSBANK.

Date.	Notes in Circulation.	Amount of Cash as cover for Notes.	Amount of statutory issue against bills.	Amount of Notes subject to duty.	Amount of tax.	Bank rate.
	M	M	M	M	M	
31 December, 1881	859,385,000	559,418,000	273,875,000	26,092,000	27,000	5%
30 September, 1882	841,532,000	548,433,000	273,875,000	19,224,000	20,000	5%
7 October, 1882..	824,342,000	538,281,000	273,875,000	12,185,000	12,000	5%
31 December, 1884	854,133,000	547,579,000	273,875,000	32,678,000	34,000	4%
7 January, 1885..	826,618,000	550,128,000	273,875,000	2,615,000	2,000	4%
31 December, 1886	1009,521,000	700,526,000	274,834,000	34,161,000	35,000	5%
30 September, 1889	1150,528,000	796,619,000	282,085,000	71,824,000	74,000	4%
7 October, 1889..	1113,098,000	781,287,000	286,585,000	45,225,000	47,000	5%
31 December, 1889	1160,540,000	764,477,000	286,585,000	109,477,000	114,000	5%
7 January, 1890..	1108,055,000	771,071,000	286,585,000	50,399,000	52,000	5%
30 September, 1890	1131,733,000	752,258,000	288,025,000	91,450,000	95,000	5%
7 October, 1890 ..	1097,499,000	705,269,000	288,025,000	104,204,000	108,000	5%
15 October, 1890 ..	1048,324,000	726,449,000	288,025,000	33,849,000	35,000	5½%
31 October, 1890 ..	1052,832,000	745,876.000	288,025,000	18,930,000	19,000	5½%

The foregoing table will afford ample food for reflection to English business men, who have any remembrance of the distress and panic, loss and disorder, which have attended the suspension of the Bank Act in our country.

That the Bank should exceed its authorised issue by £3,500,000 without raising its discount rate above 4; that it should issue £5,000,000 "uncovered" notes, and leave its rate at 5, strikes us as a most unheard of proceeding. We should have been in the throes of a panic with a 9 per cent rate at least before such a thing would have been contemplated. This table only refers to the Imperial Bank, but all the other issuing banks have the same privilege, and no doubt use it.

Think of our 8 per cent, 10 per cent, and Mr. Lowe's permissory 12 per cent, and then read Mr. R. H. Inglis Palgrave's remarks: "I understand, from a communication with which Herr von Dechend, the President of the Directory of the Reichsbank, has favoured me on the subject, that the Reichsbank feels that the advantage which the shareholders might gain from raising the rate of discount would be overbalanced on these occasions (*i.e.*, when taxed notes are issued) by the check given to business generally, and that so long as the excess issue on these occasions arises only from internal requirements of a domestic character, and is likely to to be merely temporary, the raising of the rate does not appear advisable. Those in whose hands the administration of the Bank is placed are, it must always be remembered, trustees between their shareholders and the public, and the determination of the Reichsbank to act in this spirit appears to be both prudent and business-like, and likely to assist the prosperity not only of the Bank, but of Germany as well." (*Journal of Institute of Bankers, April, 1886.*)

IMPERIAL BANK OF GERMANY.

Notes in circulation, 31st December, 1889.

£5	£48,843,340	51·77 per cent.
£25	3,674,850	3·90 „
£50	41,838,450	44·33 „
	£94,356,640	100·

Having surveyed the various systems of the chief commercial countries, the conclusions I draw are:

That our own system is unnecessary to secure the convertibility of the note, and prejudicial to commerce, by reason of its want of elasticity.

The résumé of our banking history shows that the Bank of England never suspended cash payments even before the Act of 1844, except under circumstances which would produce the like result now. If we could imagine an absolute scarcity of small change to carry on the retail transactions of the country owing to the inefficiency of the Mint to supply coins; if we found, as Evelyn records in his diary—

"13 May, 1696. Money still continuing exceedingly scarce, so that none was paid or received, but all was on trust, the Mint not supplying for common necessities."

"11 June. Want of current money to carry on the smallest concerns, even for daily provisions in the market."

If, with all these, the lowest bank note was for £20, the Bank might even, under the Act of 1844, find itself unable to supply the demands upon it.

Of course such a position is now beyond the bounds of probability, but that is not owing to the working of this Act, so that the suspension of specie payments in 1696 must not be used as an argument in favour of the measure. The immediate relief produced by the issue of small Exchequer Bills of £5 and £10 each is, in fact, a strong argument against the theory of the Act, for they were practically an extension of issue which the Act of 1844 makes impossible. The deduction to be drawn from the suspension is entirely in favour of a more liberal issue. It was not gold that was needed, but "change."

The suspension of specie payments in 1795 was also such an one as the Act of 1844 could not have prevented. In the midst of an appalling war, with Government demands upon the Bank entirely regardless of the, at that moment, less important

commercial arrangements, no Act could have secured the convertibility of the note.

As for the monetary panics after the Act, from our tables it will be seen that in not one of them was there any doubt about the convertibility of the note. When the Act has been suspended, the Bank has not been released from the responsibility to pay its notes in gold; it has only been permitted to add to its liabilities without adding to its gold reserves.

Any system of credit must have a central reserve. Depositors place their money in a country bank; part of it is lent in the neighbourhood, part retained to meet current requirements, and part lodged with the banks' agents in the commercial capital. These agents again lend part of this country bank reserve, and lodge part with the central bank, which, perhaps, again lends a portion of the already diminished reserve. Whilst confidence continues, the plan works admirably; but let it be impaired, and a tremor runs through the whole system.

Now, cheques and bills form the larger portion of our circulating medium in periods of commercial tranquillity, so that the importance of an elastic note system is not recognised until a crisis arises, and the insufficiency of the ordinary medium of transfer is perceived.

The banks of Great Britain hold about £600,000,000 of deposits, practically payable on demand. The whole amount of gold in circulation is only estimated at £100,000,000. How, then, could these deposits be repaid at once? It would be impossible; old liabilities could only be repaid by creating new ones. No doubt the whole of the deposits are amply secured, but proof of the security is tested in a run by the power to repay, not necessarily in coin, but in some representative of whose value there can be no question. It may be bank notes or exchequer bills, as in England, or clearing-house certificates, as in America. The proper payment is in bank notes, but any extra amount of these our bank is not permitted to issue until it has raised an alarm

abroad as well as at home, and unnecessarily brought gold here to enable it to satisfy demands for which no gold is required.

Of course commercial disturbances at home will create some alarm abroad under any circumstances, but that is all the more reason to limit those disturbances, and not to raise them to panic point.

We have previously referred to the panic line as it exists in the United States of America. With a note system which fulfils all the requirements of an ideal issue more perfectly than any of the other systems we have reviewed, its monetary arrangements are spoiled by legislative interference with its banking arrangements on similar principles to our Act of 1844. Here the banking reserve is not interfered with, but the note issue is limited; there the note issue is not absolutely limited, but the banking reserve is fixed by law. The banks must keep a reserve of cash equal to 25 per cent of their deposits. A banking reserve is kept for seasons of pressure, but their law insists upon the reserve being kept up at all times. It is a reserve for show, not for use. On 25th of October, 1890, the National Banks in New York were liable for £79,760,000 on deposit, and £700,000 on notes in circulation. They held £15,680,000 in specie, and £4,240,000 in legal tender notes, a total of £19,920,000 in cash, but the law requires them to keep a reserve of £19,940,000. They were therefore £20,000 short of the statutory reserve, and therefore could not assist commerce. Nearly £20,000,000 in cash, but not a dollar to spare for merchants because of the restrictions of their Act of 1863!

If, instead of insisting upon the maintenance of a cash reserve of 25 per cent by the New York Banks, under all circumstances and at all times, the statutes permitted the National Banks to infringe upon the reserve, but at the same time taxed them upon the deficiency, so that the infringement would not be profitable, no less than £20,000,000 would be released in New York, or £50,000,000 throughout the Union. Such stringency as we see now would be impossible.

We have seen the effects of these severely restrictive Acts, and now turn to countries where such legislation does not exist.

France fixes no limit upon the circulation of its one issuing Bank, and we have seen how it has gone through crisis after crisis—L'Union Generale, Panama, Comptoir d'Escompte. Bad business has been liquidated, financial mistakes have been paid for, as they always must be, but a monetary crisis it has not known. Currency has always been obtainable by those who have had good security to offer for it.

Lastly, we have the German system. It fixes a line of normal circulation, but provides for extraordinary occasions by its arrangements for a taxed issue.

At certain periods of the year, both in England and the United States, we have regularly an extra demand for currency. It is not the effect of speculation, but of ordinary commercial movements; and yet our systems make no provision for its supply, and we raise the cost of all financial business so as to attract money to carry us through our regular engagements. The German system provides for such seasons, and, as far as we can see, effectively and economically.

Statement of Changes in Rate of Discount, Years 1883 to 1890, inclusive.

	No. of Changes.	Lowest Rate.	Highest Rate.
Bank of France	7	$2\frac{1}{2}$	$4\frac{1}{2}$
Bank of Germany	20	3	$5\frac{1}{2}$
Bank of England	62	2	6

Moreover, the German law has the merit of being workable, whilst ours breaks down under a strain, but not before doing serious mischief and discrediting us far and near. What can the intelligent foreigner imagine, when he reads that the Bank Act is suspended, but that the Bank has suspended specie payments. That idea, we know, is false, but it is a very natural one for him to adopt, and is not likely to increase his desire to buy bills on London.

After the panic of 1866, the Governor of the Bank, at the meeting of the proprietors, said: "We had to act before we could receive any such power (to exceed the statutory issue), and before the Chancellor of the Exchequer was, perhaps, out of his bed, we had advanced one-half our reserves." Rather an amusing comment upon the working of the Act of 1844.

We have endeavoured to show that the Act of 1844 has not prevented crises; that could not be expected of any law; but it has developed crises into panics, and has had then to be ignored, which is not the fate of a sound law.

We have tried to demonstrate that, whether the fixed limit is applied to the note circulation, as here, or to the banking reserve, as in America, the effect is the same; when help is most needed the law is nothing but a hindrance.

Then we have noticed the working of other less stringent systems, and arrive at the conclusions—

I. That an impassable limit is not an advantageous basis of a currency system.

II. That a taxed excess-issue system, under proper conditions for the security of the note, offers the elasticity and steadiness of monetary value that benefits commerce, and therefore suggest—

1. That the Bank of England Charter should be amended on the lines of the German Act.

2. That the Bank ought to keep a greater reserve of specie, and that to enable it so to do with the least disturbance of existing affairs, the Scotch banks should be relieved from the necessity to hold specie against their excess issue, and that the Bank should be allowed to issue £10,000,000 in £1, on the understanding that its normal reserve of specie should be increased by a similar amount.

I have to acknowledge my great indebtedness in this paper to the works of Mr. H. D. Macleod, who seems to have gathered everything worth gathering about our banking history and system,

and also to the *Journal of the Institute of Bankers*, and particularly to the papers therein by Mr. R. H. Inglis Palgrave and Mr. John Biddulph Martin.

My thanks are also due to Mr. Max Hesse and to Messrs. Dunn Bros. for the information they have procured for me